

Office of Asst. Sec. for Housing, HUD

Pt. 3500, App. E

[61 FR 58477, Nov. 15, 1996]

APPENDIX E TO PART 3500—ARITHMETIC STEPS

I. Example Illustrating Aggregate Analysis:

ASSUMPTIONS:

Disbursements:

\$360 for school taxes disbursed on September 20

\$1,200 for county property taxes:

\$500 disbursed on July 25

\$700 disbursed on December 10

Cushion: One-sixth of estimated annual disbursements

Settlement: May 15

First Payment: July 1

STEP 1—INITIAL TRIAL BALANCE

	Aggregate		
	pmt	disb	bal
Jun	0	0	0
Jul	130	500	– 370
Aug	130	0	– 240
Sep	130	360	– 470
Oct	130	0	– 340
Nov	130	0	– 210
Dec	130	700	– 780
Jan	130	0	– 650
Feb	130	0	– 520
Mar	130	0	– 390
Apr	130	0	– 260
May	130	0	– 130
Jun	130	0	0

STEP 2—ADJUSTED TRIAL BALANCE

[Increase monthly balances to eliminate negative balances]

	Aggregate		
	pmt	disb	bal
Jun	0	0	780
Jul	130	500	410
Aug	130	0	540
Sep	130	360	310
Oct	130	0	440

STEP 1—INITIAL TRIAL BALANCE

	Single-item					
	Taxes			School taxes		
	pmt	disb	bal	pmt	disb	bal
June	0	0	0	0	0	0
July	100	500	– 400	30	0	30
August	100	0	– 300	30	0	60
September	100	0	– 200	30	360	– 270
October	100	0	– 100	30	0	– 240
November	100	0	0	30	0	– 210
December	100	700	– 600	30	0	– 180
January	100	0	– 500	30	0	– 150
February	100	0	– 400	30	0	– 120
March	100	0	– 300	30	0	– 90
April	100	0	– 200	30	0	– 60
May	100	0	– 100	30	0	– 30
June	100	0	0	30	0	0

STEP 2—ADJUSTED TRIAL BALANCE—Continued

[Increase monthly balances to eliminate negative balances]

	Aggregate		
	pmt	disb	bal
Nov	130	0	570
Dec	130	700	0
Jan	130	0	130
Feb	130	0	260
Mar	130	0	390
Apr	130	0	520
May	130	0	650
Jun	130	0	780

STEP 3—TRIAL BALANCE WITH CUSHION

	Aggregate		
	pmt	disb	bal
Jun	0	0	1040
Jul	130	500	670
Aug	130	0	800
Sep	130	360	570
Oct	130	0	700
Nov	130	0	830
Dec	130	700	260
Jan	130	0	390
Feb	130	0	520
Mar	130	0	650
Apr	130	0	780
May	130	0	910
Jun	130	0	1040

II. Example Illustrating Single-Item Analysis

ASSUMPTIONS:

Disbursements:

\$360 for school taxes disbursed on September 20

\$1,200 for county property taxes:

\$500 disbursed on July 25

\$700 disbursed on December 10

Cushion: One-sixth of estimated annual disbursements

Settlement: May 15

First Payment: July 1

STEP 2—ADJUSTED TRIAL BALANCE (INCREASE MONTHLY BALANCES TO ELIMINATE NEGATIVE BALANCES)

	Single-item					
	Taxes			School taxes		
	pmt	disb	bal	pmt	disb	bal
Jun	0	0	600	0	0	270
Jul	100	500	200	30	0	300
Aug	100	0	300	30	0	330
Sep	100	0	400	30	360	0
Oct	100	0	500	30	0	30
Nov	100	0	600	30	0	60
Dec	100	700	0	30	0	90
Jan	100	0	100	30	0	120
Feb	100	0	200	30	0	150
Mar	100	0	300	30	0	180
Apr	100	0	400	30	0	210
May	100	0	500	30	0	240
Jun	100	0	600	30	0	270

STEP 3—TRIAL BALANCE WITH CUSHION

	Single-Item					
	Taxes			School taxes		
	pmt	disb	bal	pmt	disb	bal
Jun	0	0	800	0	0	330
Jul	100	500	400	30	0	360
Aug	100	0	500	30	0	390
Sep	100	0	600	30	360	60
Oct	100	0	700	30	0	90
Nov	100	0	800	30	0	120
Dec	100	700	200	30	0	150
Jan	100	0	300	30	0	180
Feb	100	0	400	30	0	210
Mar	100	0	500	30	0	240
Apr	100	0	600	30	0	270
May	100	0	700	30	0	300
Jun	100	0	800	30	0	330

[59 FR 53908, Oct. 26, 1994, as amended at 60 FR 8816, Feb. 15, 1995. Redesignated at 61 FR 58479, Nov. 15, 1996; 73 FR 68259, Nov. 17, 2008]

APPENDIX MS-1 TO PART 3500

[Sample language; use business stationery or similar heading]
[Date]

SERVICING DISCLOSURE STATEMENT NOTICE TO FIRST LIEN MORTGAGE LOAN APPLICANTS: THE RIGHT TO COLLECT YOUR MORTGAGE LOAN PAYMENTS MAY BE TRANSFERRED

You are applying for a mortgage loan covered by the Real Estate Settlement Procedures Act (RESPA) (12 U.S.C. 2601 *et seq.*). RESPA gives you certain rights under Federal law. This statement describes whether the servicing for this loan may be transferred to a different loan servicer. "Servicing" refers to collecting your principal, interest, and escrow payments, if any, as well as sending any monthly or annual statements, tracking account balances, and handling other aspects of your loan. You will be given advance notice before a transfer occurs.

Servicing Transfer Information

[We may assign, sell, or transfer the servicing of your loan while the loan is outstanding.]
[or]

[We do not service mortgage loans of the type for which you applied. We intend to assign, sell, or transfer the servicing of your mortgage loan before the first payment is due.]
[or]

[The loan for which you have applied will be serviced at this financial institution and we do not intend to sell, transfer, or assign the servicing of the loan.]

[INSTRUCTIONS TO PREPARER: Insert the date and select the appropriate language under "Servicing Transfer Information." The model format may be annotated with further information that clarifies or enhances the model language.]

[73 FR 68259, Nov. 17, 2008]

APPENDIX MS-2 TO PART 3500

[Sample language; use business stationery or similar heading]

**NOTICE OF ASSIGNMENT, SALE, OR TRANSFER
OF SERVICING RIGHTS**

You are hereby notified that the servicing of your mortgage loan, that is, the right to collect payments from you, is being assigned, sold or transferred from _____ to _____, effective _____.

The assignment, sale or transfer of the servicing of the mortgage loan does not affect any term or condition of the mortgage instruments, other than terms directly related to the servicing of your loan.

Except in limited circumstances, the law requires that your present servicer send you this notice at least 15 days before the effective date of transfer, or at closing. Your new servicer must also send you this notice no later than 15 days after this effective date or at closing. [In this case, all necessary information is combined in this one notice].

Your present servicer is _____.
If you have any questions relating to the transfer of servicing from your present servicer call _____ [enter the name of an individual or department here] between _____ a.m. and _____ p.m. on the following days _____.
This is a [toll-free] or [collect call] number.

Your new servicer will be _____.

The business address for your new servicer is:

_____.

The [toll-free] [collect call] telephone number of your new servicer is _____. If you have any questions relating to the transfer of servicing to your new servicer call _____ [enter the name of an individual or department here] at _____ [toll free or collect call telephone number] between _____ a.m. and _____ p.m. on the following days _____.

The date that your present servicer will stop accepting payments from you is _____. The date that your new servicer will start accepting payments from you is _____. Send all payments due on or after that date to your new servicer.

[Use this paragraph if appropriate; otherwise omit] The transfer of servicing rights may affect the terms of or the continued availability of mortgage life or disability insurance or any other type of optional insurance in the following manner:

and you should take the following action to maintain coverage:

You should also be aware of the following information, which is set out in more detail in Section 6 of the Real Estate Settlement Procedures Act (RESPA) (12 U.S.C. 2605):

During the 60-day period following the effective date of the transfer of the loan servicing, a loan payment received by your old servicer before its due date may not be treated by the new loan servicer as late, and a late fee may not be imposed on you.

Section 6 of RESPA (12 U.S.C. 2605) gives you certain consumer rights. If you send a "qualified written request" to your loan servicer concerning the servicing of your loan, your servicer must provide you with a written acknowledgment within 20 Business Days of receipt of your request. A "qualified written request" is a written correspondence, other than notice on a payment coupon or other payment medium supplied by the servicer, which includes your name and account number, and your reasons for the request. [If you want to send a "qualified written request" regarding the servicing of your loan, it must be sent to this address:

Not later than 60 Business Days after receiving your request, your servicer must make any appropriate corrections to your account, and must provide you with a written clarification regarding any dispute. During this 60-Business Day period, your servicer may not provide information to a consumer reporting agency concerning any overdue payment related to such period or qualified written request. However, this does not prevent the servicer from initiating foreclosure if proper grounds exist under the mortgage documents.

A Business Day is a day on which the offices of the business entity are open to the public for carrying on substantially all of its business functions.

Section 6 of RESPA also provides for damages and costs for individuals or classes of individuals in circumstances where servicers are shown to have violated the requirements of that Section. You should seek legal advice if you believe your rights have been violated.

[INSTRUCTIONS TO PREPARER: Delivery means placing the notice in the mail, first class postage prepaid, prior to 15 days before the effective date of transfer (transferor) or prior to 15 days after the effective date of transfer (transferee). However, this notice may be sent not more than 30 days after the effective date of the transfer of servicing rights if certain emergency business situations occur. See 24 CFR § 3500.21(d)(1)(ii). "Lender" may be substituted for "present servicer" where appropriate. These instructions should not appear on the format.]

PRESENT SERVICER [Signature not required]

Date

[and][or]

FUTURE SERVICER [Signature not required]

Date

[61 FR 13252, Mar. 26, 1996]

PART 3800—INVESTIGATIONS IN CONSUMER REGULATORY PRO- GRAMS

Sec.

3800.10 Scope of rules.

3800.20 Subpoenas in investigations.

3800.30 Subpoena enforcement in district court.

3800.40 Investigational proceedings.

3800.50 Rights of witnesses in investigational proceedings.

3800.60 Settlements.

AUTHORITY: 12 U.S.C. 2601 *et seq.*; 15 U.S.C. 1714; 42 U.S.C. 3535(d) and 5413.

SOURCE: 61 FR 10441, Mar. 13, 1996, unless otherwise noted.

§ 3800.10 Scope of rules.

This part applies to investigations and investigational proceedings undertaken by the Secretary, or the Secretary's designee, pursuant to the following:

(a) The Interstate Land Sales Full Disclosure Act, 15 U.S.C. 1701 *et seq.*;

(b) The National Manufactured Housing Construction and Safety Standards Act of 1974, 42 U.S.C. 5401 *et seq.*; and

(c) The Real Estate Settlement Procedures Act of 1974, 12 U.S.C. 2601 *et seq.*

§ 3800.20 Subpoenas in investigations.

(a) The Secretary may issue subpoenas relating to any matter under investigation. A subpoena may:

(1) Require testimony to be taken by interrogatories;

(2) Require the attendance and testimony of witnesses at a specific time and place;

(3) Require access to, examination of, and the right to copy documents; and

(4) Require the production of documents at a specific time and place.

(b) A subpoenaed person may petition the Secretary or the Secretary's designee to modify or withdraw a subpoena by filing the petition within 10 days after service of the subpoena. The petition may be in letter form, but must set forth the facts and law upon which the petition is based.

§ 3800.30 Subpoena enforcement in district court.

In the case of contumacy of a witness or a witness's refusal to obey a subpoena or order of the Secretary, the United States district court for the jurisdiction in which an investigation is carried on may issue an order requiring compliance with the subpoena. HUD headquarters in Washington, DC, is one of the locations in which the Secretary